

Section 2: Economic Security

ES 1.1 Median Family Income

*Median income*¹ of families with children is a good starting point for assessing the economic well-being of children since it measures the ability of a *family* at the midpoint of the *income* distribution to purchase food, shelter, clothing, child care, and other basic goods and services required to raise children.² However, median *family income* fails to capture important economic resources that may also be available to a family, such as employer-paid health benefits, Medicaid, or *Food Stamps*; moreover, it says nothing about changes in the distribution of income across families. For a more complete picture of children's economic well-being, it is necessary to look at several measures of economic well-being, including those in the following sections.

Between 1975 and 1999, median income of all families with children (in constant 1999 dollars)³ increased gradually from \$42,216 in 1975 to \$47,949 in 1999 (see Table ES 1.1).⁴

Differences by Family Type. Throughout the period from 1975 through 1999, median income of mother-only families has never exceeded 35 percent of median income of two-parent families (see Figure ES 1.1). In 1999, the median family income of mother-only families was \$19,934, compared with \$60,168 for married-couple families with children. During the 1990's, the median income of father-only families never exceeded 61 percent of median income of *two-parent* families (see Figure ES 1.1). In 1999, median income of father-only families was \$32,427.

Differences by Race and Hispanic Origin.⁵ Median family incomes are substantially higher for White, non-Hispanic families with children than for Black or Hispanic families with children. In 1999, Black and Hispanic family incomes were 49 and 55 percent of their White, non-Hispanic counterparts.

¹ Median income is the amount that divides the income distribution into two equal groups, half having incomes above the median, half having incomes below the median.

² When median family income is rising, the likelihood is that children in a typical family are enjoying a rising standard of living.

³ In constructing income figures in constant 1999 dollars, we have followed the practice of the U.S. Census Bureau and used the CPI-U-X1 consumer price index. This index differs from the standard CPI-U index in its treatment of the costs of owner-occupied housing for years prior to 1986. After 1986, it is identical to the CPI-U.

⁴ However, this apparent stagnation was in part the result of a shift in the living arrangements of families with children. As shown in Table PF 2.1.A, between 1970 and 1997 the percentage of children living in female-headed families increased from 11 percent to 24 percent. Since, as will be described in the next section, female-headed families have much lower incomes than two-parent families, this shift in living arrangements depressed the median income of all families with children.

⁵ Estimates for Blacks include Hispanics of that race. Persons of Hispanic origin may be of any race.

Table ES 1.1

Median income of families in the United States with related children under age 18, by race and Hispanic origin^a and family structure (in constant 1999 dollars):^b Selected years, 1975-1999

	1975	1980	1985	1990	1995	1996	1997	1998	1999
All families	\$42,216	\$43,249	\$42,896	\$43,632	\$43,745	\$43,519	\$45,200	\$46,446	\$47,949
White, non-Hispanic	—	—	—	\$49,140	\$50,805	\$51,130	\$52,885	\$54,138	\$56,636
Black	—	—	—	\$24,676	\$24,783	\$24,328	\$26,195	\$26,412	\$27,778
Hispanic	—	—	—	\$28,047	\$25,216	\$26,141	\$27,113	\$28,355	\$30,979
Married-couple families									
All races	\$46,618	\$49,203	\$50,087	\$52,593	\$54,625	\$54,968	\$56,462	\$58,281	\$60,168
White, non-Hispanic	—	—	—	\$55,278	\$57,978	\$59,128	\$61,147	\$62,890	\$64,849
Black	—	—	—	\$45,533	\$48,041	\$45,337	\$49,441	\$49,608	\$51,005
Hispanic	—	—	—	\$35,020	\$32,438	\$33,566	\$34,496	\$34,999	\$37,121
Mother-only families									
All races	\$16,260	\$17,134	\$15,601	\$16,688	\$17,748	\$17,402	\$17,912	\$18,816	\$19,934
White, non-Hispanic	—	—	—	\$20,552	\$22,718	\$21,740	\$21,821	\$23,131	\$24,381
Black	—	—	—	\$13,137	\$14,199	\$14,491	\$15,685	\$15,695	\$15,991
Hispanic	—	—	—	\$12,928	\$12,906	\$11,936	\$13,476	\$14,394	\$16,539
Father-only families									
All races	\$34,885	—	—	\$32,136	\$29,505	\$28,139	\$29,758	\$31,551	\$32,427
White, non-Hispanic	—	—	—	\$34,193	\$32,524	\$31,195	\$33,214	\$36,347	\$36,578
Black	—	—	—	\$26,214	\$24,393	\$23,601	\$22,644	\$25,564	\$30,017
Hispanic	—	—	—	\$26,481	\$21,321	\$23,947	\$20,789	\$25,206	\$25,477

^a Estimates for Blacks include Hispanics of that race. Persons of Hispanic origin may be of any race.

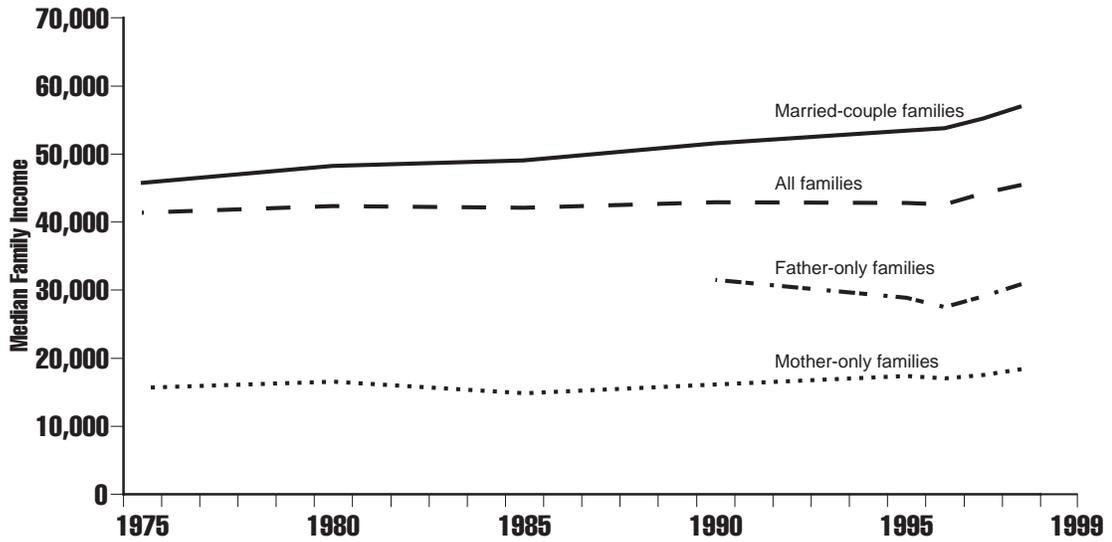
^b Income statistics converted to constant 1999 dollars using the CPI-U price index.

Sources: U.S. Census Bureau. 1997. *Annual Demographic Survey: March Supplement*, Current Population Survey, (Table FINC-03, FINC-04), Council of Economic Advisors, Economic Report to the President. Washington, DC: U.S. Government Printing Office. U.S. Census Bureau, *Current Population Reports*, P-60, No. 209, (Tables F-9, F-9A, F-9B, F-9C, F-9D, F-10, F-10A, F-10B, F-10C, F-10D).

Poverty and Income

Figure ES 1.1

Median income of families in the United States with related children under age 18, by family structure (in constant 1999 dollars):^a Selected years, 1975-1999



^a Income statistics converted to constant 1999 dollars using the CPI-U-X1 (all items) price index. CPI-U-X1 is a rental equivalence approach to homeowners' costs for the consumer price index prior to 1983, the first year for which the official index (CPI-U) incorporates such a measure.

Sources: Unpublished tabulations of the March Current Population Survey supplied by U.S. Census Bureau; U.S. Census Bureau, *Current Population Survey*, Annual Demographic Survey: March Supplement, (Table FINC-04); Council of Economic Advisors, 1997; U.S. Census Bureau, 1999.

ES 1.2 Children in Poverty

Being raised in economically deprived circumstances can have far-reaching negative consequences for children. Growing up at or near the *poverty line* (\$17,029 for a family of four in 1999)⁶ means not only that a child has a much lower level of consumption than other children but also that he or she is more likely than a nonpoor child to experience difficulties in school,⁷ to become a teen parent,⁸ and, as an adult, to earn less and experience greater unemployment.⁹ The effects of being raised in a family with income significantly below the poverty line are correspondingly more damaging.¹⁰ A decline in child poverty in 1999 provides a hopeful turn towards avoiding the negative impact often seen. The poverty rate for people under age 18 dropped from 18.9 percent in 1998 to 16.9 percent in 1999. The newest numbers represent the lowest child poverty rate since 1979.¹¹

Differences by Family Type. Family makeup can have a strong influence on the financial ability of a family. Throughout the period from 1960 through 1994, over half of the children living in female-headed families were poor. This percentage decreased to 42 percent in 1999 (see Table ES 1.2.A). In contrast, during the 1990s, only about 10 percent of children living in married-couple families were poor (see Figure ES 1.2.A).

Differences by Race and Hispanic Origin.¹² The proportion of Black and Hispanic children at or below 100 percent of the poverty line has declined between 1996 and 1999. There was also a significant drop between 1996 and 1999 in the proportion of Black and Hispanic children living at or below 200 percent of the poverty line (from 68 percent to 60 percent for Black children and from 72 percent to 64 percent for Hispanic children) (see Table ES 1.2.B).

Differences by Degrees of Poverty. Between 1975 and 1993, the proportion of children living in extreme poverty, that is, at or below 50 percent of the poverty line, doubled from 5 percent in 1975 to 10 percent. By 1999, this percentage had dropped back to 6 percent (see Table ES 1.2.B). Less dramatic but still striking, the proportion of children at or below 100 percent of the poverty line increased from 17 percent in 1975 to 22 percent by 1993 before dropping to 16 percent in 1999 (see Figure ES 1.2.B). In contrast, the proportion of children living at or below 150 percent of the poverty line was about the same in 1999 (28 percent) as it was in 1975 (30 percent). As shown in the upper line of Figure ES 1.2.C, the proportion of children living at or below 200 percent of the poverty line has seen a similar decline.

⁶ U.S. Census Bureau, *Current Population Reports*, Series P-60, No. 210. Washington, DC: U.S. Government Printing Office.

⁷ Parker, S., Greer, S., and Zuckerman, B. 1988. Double Jeopardy: The Impact of Poverty on Early Childhood Development. *Pediatric Clinics of North America*, 35: 1-10.

⁸ An, C., Haveman, R., and Wolfe, B. 1993. Teen Out-of-Wedlock Births and Welfare Receipt: The Role of Childhood Events and Economic Circumstances. *Review of Economics and Statistics* 75: 195-208.

⁹ Duncan, G., and Brooks-Gunn, J. 1997. Income Effects Across the Life Span: Integration and Interpretation. In *The Consequences of Growing Up Poor* (G. Duncan and J. Brooks-Gunn, eds.). New York: Russell Sage Press.

¹⁰ For example, the effects of family poverty on measures of cognitive ability "varied dramatically depending upon whether a family was very poor (family income below 50 percent of the poverty level), poor, or near poor" (Smith, J.R., Brooks-Gunn, J., and Klebanov, P.K. 1997. Consequences of Living in Poverty for Young Children's Cognitive and Verbal Ability and Early School Achievement. In *The Consequences of Growing Up Poor* (G. Duncan and J. Brooks-Gunn, eds.). New York: Russell Sage Press.

¹¹ U.S. Census Bureau, *Current Population Reports*, Series P-60, No. 210. Washington, DC: U.S. Government Printing Office.

¹² Estimates for Whites and Blacks include Hispanics of those races. Persons of Hispanic origin may be of any race.

Table ES 1.2.A

Percentage of children in the United States under age 18 living below the poverty level,^a by family structure, age, and race and Hispanic origin:^b Selected years, 1960-1999

	1960	1965	1970	1975	1980	1985	1990	1995	1996	1997	1998	1999
All families with related children under age 18	27	21	15	17	18	20	20	20	20	19	18	16
White	20	14	11	13	13	16	15	16	16	15	14	13
Black	—	—	42	41	42	43	44	42	40	37	36	33
Hispanic	—	—	—	33	33	40	38	39	40	36	34	30
Asian	—	—	—	—	—	—	17	19	19	20	18	12
Related children under age 6	—	—	17	18	20	23	23	24	23	22	21	18
White	—	—	12	14	16	18	18	18	18	18	17	15
Black	—	—	42	41	45	47	51	49	45	40	40	37
Hispanic	—	—	—	—	34	41	40	42	42	38	36	31
Related children ages 6-17	—	—	14	16	17	19	18	18	18	18	17	16
White	—	—	10	12	12	14	14	14	14	14	13	12
Black	—	—	41	42	40	41	41	38	37	35	35	31
Hispanic	—	—	—	—	32	39	36	37	38	35	32	30
Married-couple families with related children under age 18	—	—	—	—	—	—	10	10	10	10	9	8
White	—	—	—	—	—	—	9	9	9	9	8	8
Black	—	—	—	—	—	—	18	13	14	13	12	11
Hispanic	—	—	—	—	—	—	27	28	29	26	23	22
Asian	—	—	—	—	—	—	—	15	15	15	11	8
Related children under age 6	—	—	—	—	—	—	12	11	12	11	10	9
White	—	—	—	—	—	—	11	11	11	10	10	9
Black	—	—	—	—	—	—	20	14	14	13	10	10
Hispanic	—	—	—	—	—	—	28	31	32	28	25	24
Related children ages 6-17	—	—	—	—	—	—	10	9	9	9	9	8
White	—	—	—	—	—	—	8	9	8	8	8	7
Black	—	—	—	—	—	—	17	12	14	13	13	11
Hispanic	—	—	—	—	—	—	25	27	28	25	22	21
Female-headed families with related children under age 18	68	64	53	53	51	54	53	50	49	49	46	42
White	60	53	43	44	42	45	46	43	43	44	40	36
Black	—	—	68	66	65	67	65	62	58	55	55	52
Hispanic	—	—	—	—	65	72	68	66	67	63	60	52
Related children under age 6	—	—	64	62	65	66	66	62	59	59	55	50
White	—	—	59	58	60	59	60	55	54	57	50	44
Black	—	—	71	67	72	75	73	71	64	61	60	59
Hispanic	—	—	—	—	70	79	77	72	72	68	67	55
Related children ages 6-17	—	—	49	49	46	48	47	45	45	45	42	38
White	—	—	38	40	36	40	39	37	38	39	36	32
Black	—	—	66	66	62	63	60	57	55	53	52	49
Hispanic	—	—	—	—	62	70	64	62	65	60	56	51

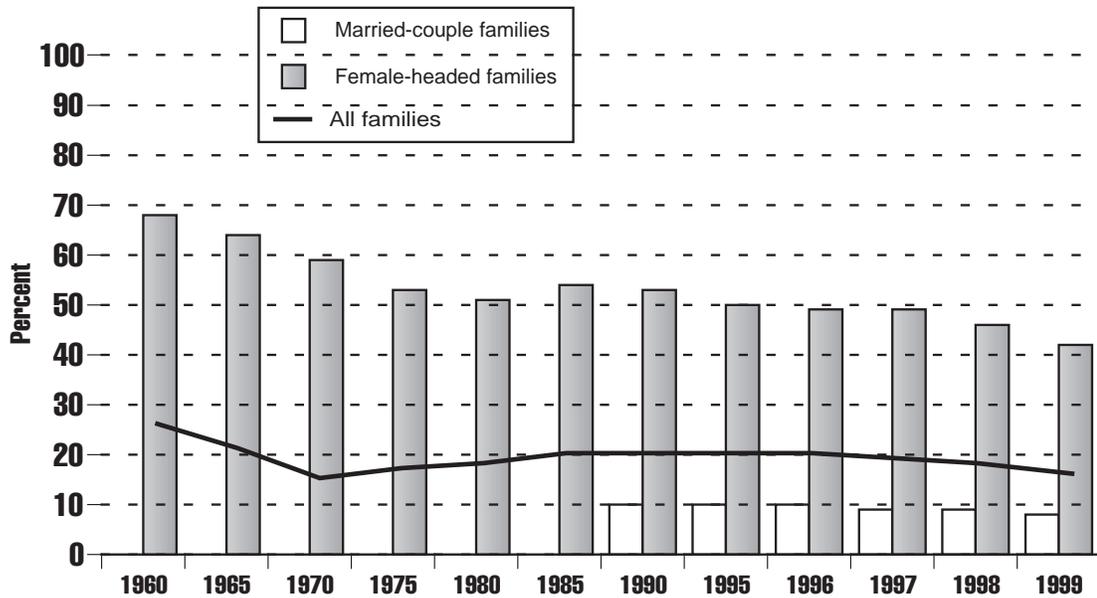
^a The poverty level is based on money income and does not include noncash benefits, such as Food Stamps. Poverty thresholds reflect family size and composition and are adjusted each year using the annual average Consumer Price Index (CPI). The average poverty threshold for a family of four was \$17,029 in 1999. *Related children* include biological children, stepchildren, and adopted children of the householder and all other children in the household related to the householder (or reference person) by blood, marriage, or adoption.

Sources: U.S. Census Bureau, *Current Population Reports*, Series P-60, No. 68, (Table 1); No. 81, (Table 4); No. 106, No. 103, (Table 7); No. 158, (Table 4); No. 175, (Table 6); No. 194, No. 198, No. 210, No. 207, No. 210, (Table 2).

Poverty and Income

Figure ES 1.2.A

Percentage of children in the United States under age 18 living below the poverty level,^a by family type: Selected years, 1960-1999



^a The poverty level is based on money income and does not include noncash benefits, such as Food Stamps. Poverty thresholds reflect family size and composition and are adjusted each year using the annual average Consumer Price Index (CPI). The average poverty threshold for a family of four was \$17,029 in 1999. Related children include biological children, stepchildren, and adopted children of the householder and all other children in the household related to the householder (or reference person) by blood, marriage, or adoption.

Sources: U.S. Census Bureau, *Current Population Reports*, Series P-60, No. 210, (Table 2).

Table ES 1.2.B

Percentage of children in the United States under age 18 living below selected poverty^a thresholds, by age and by race and Hispanic origin:^b Selected years, 1975-1999

	1975	1980	1985	1990	1995	1996	1997	1998	1999
Under 50% of poverty									
Related children									
under age 18	5	7	8	8	8	8	9	8	6
White	4	5	6	6	6	6	6	5	5
Black	14	17	21	22	20	20	20	17	15
Hispanic	—	—	—	14	16	14	16	13	11
Under 100% of poverty									
Related children									
under age 18	17	18	20	20	20	20	19	18	16
White	13	13	16	15	16	16	15	14	13
Black	41	42	43	44	42	40	37	36	33
Hispanic	33	33	40	38	39	40	36	34	30
Under 150% of poverty									
Related children									
under age 18	30	29	32	31	32	31	30	29	28
White	24	24	26	25	26	26	26	24	23
Black	60	57	59	57	56	56	51	52	48
Hispanic	—	—	—	55	59	57	56	52	49
Under 200% of poverty									
Related children									
under age 18	43	42	43	42	43	43	41	40	38
White	38	37	38	37	37	37	36	34	33
Black	73	70	71	68	68	68	64	64	60
Hispanic	—	—	—	69	73	72	69	66	64

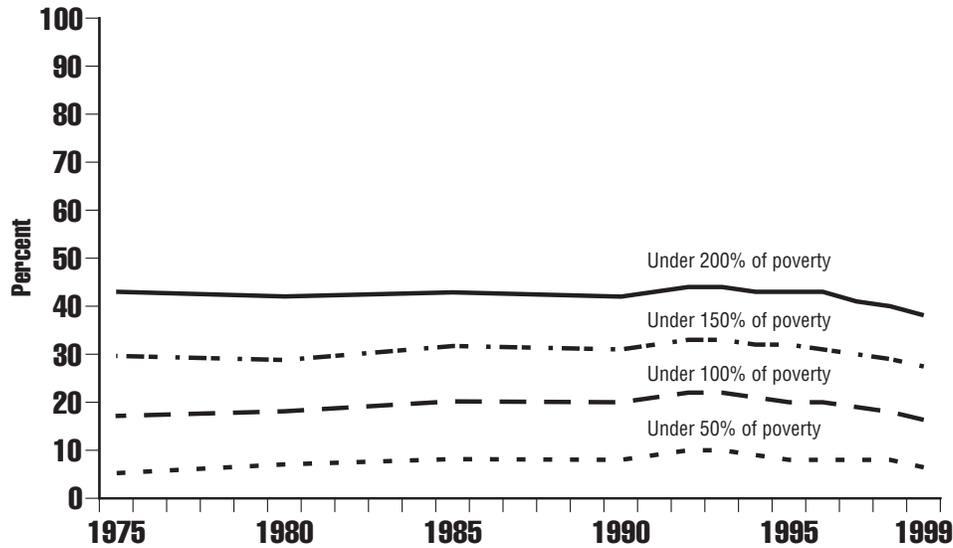
^a The poverty level is based on money income and does not include noncash benefits, such as Food Stamps. Poverty thresholds reflect family size and composition and are adjusted each year using the annual average Consumer Price Index (CPI). The average poverty threshold for a family of four was \$17,029 in 1999. The levels shown here are derived from the ratio of the family's income to the family's poverty threshold. Related children include biological children, stepchildren, and adopted children of the householder and all other children in the household related to the householder (or reference person) by blood, marriage, or adoption.

Source: U.S. Census Bureau, *Current Population Reports*, Series P-60, 106, (Table 7); No. 133, (Table 7); No. 158, (Table 4); No. 175, (Table 6); No. 194, No. 198, No. 201, No. 207, No. 210, (Table 2).

Poverty and Income

Figure ES 1.2.B

Percentage of children in the United States under age 18 in families living below 50, 100, 150, and 200 percent of poverty:^a Selected years, 1975-1999



^a The poverty level is based on money income and does not include noncash benefits, such as Food Stamps. Poverty thresholds reflect family size and composition and are adjusted each year using the annual average Consumer Price Index (CPI). The average poverty threshold for a family of four was \$17,029 in 1999. The levels shown here are derived from the ratio of the family's income to the family's poverty threshold. Related children include biological children, stepchildren, and adopted children of the householder and all other children in the household related to the householder (or reference person) by blood, marriage, or adoption.

Source: U.S. Census Bureau, *Current Population Reports*, Series P-60, No. 210, (Table 2).

